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10 August 1966

MAHON BRIEFING

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MAHON BRIEFING

VIETNAM

In Vietnam, you might say that the overall military picture remains the same as when we last reported to you in June. It has been enlarged in every dimension and intensified, but the basic fact is unchanged: We retain the initiative.

So far, improved intelligence and quick spoiling operations against Communist concentrations have kept the enemy from mounting any successful offensive during this summer's monsoon season.

Since early July, a number of major spoiling operations, from the vicinity of Saigon to the Demilitarized Zone in the north, have disrupted the plans of Communist elements up to divisional strength.

They have inflicted heavy casualties on Communist regulars. The figure for Communists killed in action has been averaging more than 1,000 a week for the past two months.

The Communists, however, still have the capability to engage allied forces in strength, and to overrun district

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towns and isolated camps. Our Order of Battle figures for the enemy show 105,314 men in the main combat force, which includes about 45,000 North Vietnamese regulars. (We also carry totals of 103,600 guerrillas and 17,550 combat support troops.)

226,000

As of August 8, US strength in South Vietnam was 288,961 men, and the South Vietnamese armed strength totaled 700,545.

We believe that Communist strategy will be to continue hit-and-run attacks and ambushes wherever the terrain and relative troop strength favors the enemy. The Viet Cong will probably avoid prolonged battles as much as they can, in an effort to preserve and increase their strength through infiltration and recruitment.

(Political Situation)

As for the internal political situation, it seems to me that the suppression of the Buddhist dissidence last spring has left Premier Ky's government in a considerably stronger position.

The Buddhists continue their opposition, and remnants of the so-called "struggle forces" are still active in the northern provinces. They do not appear to be strong

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enough, however, to pose any serious challenge in the near future.

With the Buddhist threat removed, latent rivalries among the top military leadership have begun to reappear. So far, friction has centered on the maneuvers of some generals --notably Deputy Premier Co--to defend their positions from middle-grade officers who want to purge the government of corrupt elements. Premier Ky is in the middle of these pressures, but there does not seem to be any immediate threat to his position.

The Ky government is beginning in earnest to prepare for the holding of constitutional assembly elections on 11 September. Some candidates have been disqualified on political grounds, mainly for clearly identified Communist or neutralist ties. The government seems to be making serious efforts, however, to keep the election essentially honest. There are reports of considerable public skepticism on this score.

We also have some evidence that the Viet Cong, who have called for a boycott of the elections, may try to disrupt them by stimulating disorders.

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(North Vietnam)

To summarize the air war in the north---

We have stepped up the pace of our bombing, concentrating on POL facilities and devoting a greatly increased number of sorties to armed reconnaissance against lines of communication.

As of August 5, our air strikes had destroyed or heavily damaged 61 percent of the total North Vietnamese POL capacity.

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This, of course, is bound to affect the enemy capability for moving men and supplies. Nevertheless, materiel continues to roll through Laos into South Vietnam at a level sufficient to sustain the enemy's current operations.

This is the first year that the Communists have been able to move trucks through Laos during the rainy season, because of improved road surfaces and the proliferation of bypasses. Where the road is blocked, swarms of porters apparently shuttle the loads through the jungle.

Hanoi has uncrated a few more MIG-21 supersonic aircraft in recent weeks, but four have been shot down, and the threat to US aircraft from this quarter remains minimal. Hanoi has about 50 older MIG fighters, and about 15 of the

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MIG 21s, which carry air-to-air missiles. We expect more of the MIG-21s to show up in coming months.

In July, an all-time high of 193 surface-to-air missiles were launched at American aircraft, but only three planes were shot down. [REDACTED]

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[REDACTED] the Communists are concerned about the poor performance. In one three-week period, about 70 percent of SAM firings apparently failed for mechanical reasons. [REDACTED]

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The North Vietnamese appear determined, however, to continue the war. They have rejected all attempts by third parties to get negotiations started. In mid-July Ho Chi Minh issued an order for what he called "partial mobilization." This was probably intended both to let the world know that Hanoi is determined to keep fighting, and to warn the North Vietnamese people of further demands on them.

Foreign visitors to Hanoi report that morale is lower, but this does not appear to have reached critical proportions.

In the south, however, there is an encouraging statistic bearing on the morale of the Communists who have to do

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the fighting. As of August 5, the South Vietnamese program to encourage defections from the Communists had brought in more than 11,000 men--more than surrendered during all of 1965. The significant figure is that about two out of every three of the defectors are Communist military personnel, and a few of them are North Vietnamese troops.

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10 August 1966

MAHON BRIEFING

CHINESE LEADERSHIP

(CHART, CHINESE LEADERSHIP)

(Briefing Board)

We told you last June that a purge was under way in the leadership of Communist China. The turmoil there has subsided a bit, for the time being anyway, and the picture of what happened is a bit clearer.

It has become apparent that there has been a major shake-up in the party leadership just below the inner circle of men around Mao. The victims are all accused of having opposed Mao's views, but we strongly suspect that the charges against some are trumped up, and that they are casualties of a power play. The most likely hypothesis seems to be that when Mao fell sick, the possible successors began maneuvering for position. The winner seems to have been Teng Hsiao-ping [DUNG SHYAOW-PING] the Secretary-General of the Central Committee.

Some of our Chinese experts, for a variety of reasons, discount Liu and Chou En-lai [JOE EN-LYE] as likely long-term successors to Mao. That would mean that Teng, who works with Marshal Lin Piao, has disposed of his principal rival among the top leaders, Peng Chen [PUNG DJEN]

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In the actual case in China, the purge has hit Peng, who was Mayor of Peking; the powerful army chief of staff, who was also responsible for secret police affairs; and the head of the party's vital propaganda department.

Mao Tse-tung showed up several times in the past month in meetings with foreign visitors. There seems to be little doubt that he still dominates the leadership. How long he will last is another question, however. We are convinced he was seriously ill for part of the time he was completely out of public view--nearly six months from last November to May.

Peking has been picturing Mao as a healthy man, capable of swimming the Yangtze, but Nepalese visitors who saw him in early July say he did not look at all well. A

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medical doctor in their group thought Mao had the appearance of a man who was recovering from a serious illness or an operation.

The re-emergence of Mao in the past month coincides with several developments suggesting that there is a new balance in the politburo. The clearest indication of this was the announcement during July of new appointments to the party secretariat, the army's general staff, the propaganda department of the party, and the Minister of Culture.

This new equilibrium may be fragile, however. Events over the past months must have intensified antagonism and mistrust among the surviving leaders. The possibility has increased that when Mao finally does go, the succession will be disorderly and marked by factional struggles and purges.

It is still far from clear whether the recent political struggle inside China will lead to major changes in policy at home or abroad. Since there has been no alteration in the basic hard-line character of the ruling group, we foresee no abrupt change in the policy of implacable hostility to the US.

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MAHON BRIEFING

INDONESIA

We believe that the new 27-man Indonesian cabinet, installed on 28 July, further strengthens General Suharto and downgrades President Sukarno.

Suharto heads the cabinet as chairman of the "cabinet presidium." The core of the government is still the triumvirate--composed of Suharto who remains commander of the army, Foreign Minister Adam Malik [MAHL-IK], and the Sultan of Jogjakarta [JOG-JAH-KARTAH] who supervises economic and financial matters.

With Sukarno's power now effectively reduced, the Indonesian Government's major problem is the country's seriously deteriorated economic situation. We think that Indonesia's economic plight may become the nation's make-or-break political problem unless effective remedial action can be developed.

The Indonesian economy continues to be marked by declining production, galloping inflation (six-fold price increases in six months), a complete lack of foreign exchange reserves, and a foreign debt far

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beyond the country's ability to repay. The saving factor in Indonesia has been the subsistence agricultural economy. This covers about 75 percent of the nation. Even the level of subsistence has fallen consistently.

Indonesia wants to reschedule payments on its international debt (\$2.4 billion). The price for Indonesian readmission is supposed to be a payment of about 47.5 million dollars. The IMF has suggested some of the creditors might advance this sum. There has not been an enthusiastic response. Indonesia hopes that a token payment might open the door for re-entry.

It also wants ^{outside} help in working out a domestic program of economic stabilization. It has agreed with Western creditor nations that debt rescheduling should be approached on a multilateral basis. A formal conference for this purpose is scheduled for Tokyo in mid-September.

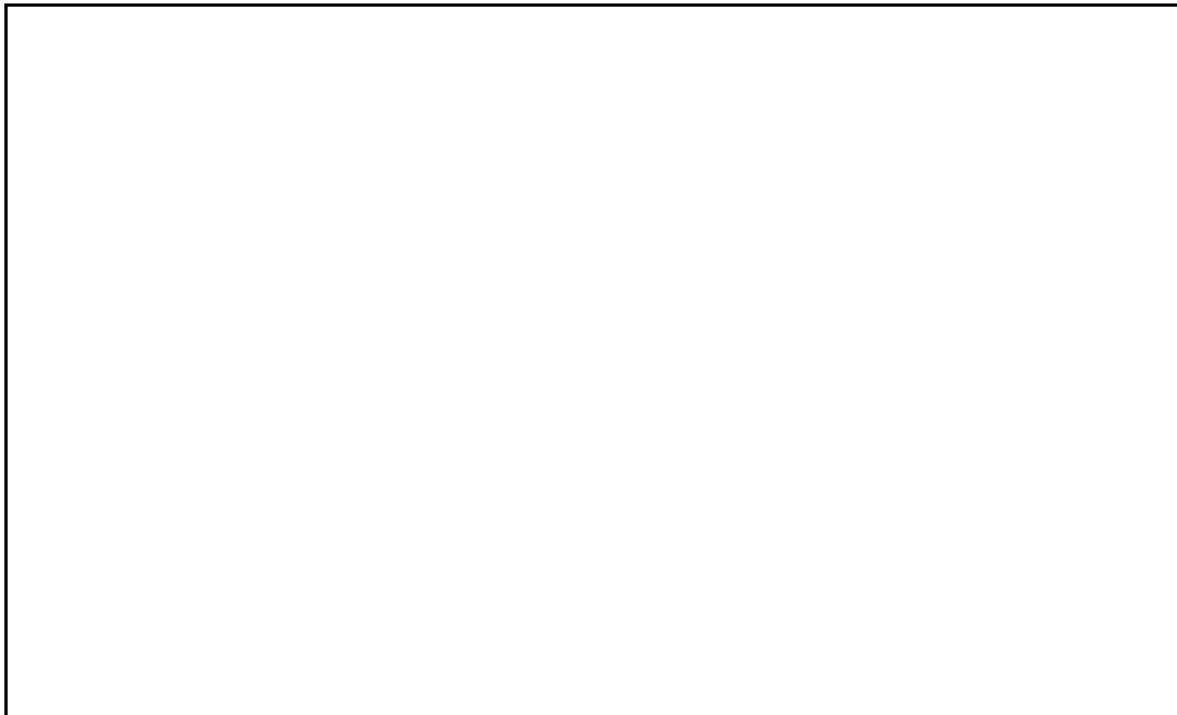
Over and above debt rescheduling, Indonesia hopes for direct economic assistance. To this end it has applied for readmission to the International Monetary Fund and the World Bank. It looks toward

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negotiating bilateral assistance arrangements with individual countries. Indonesia also expects to return to the United Nations next month.

The three-year confrontation with Malaysia, which has been a serious strain on the economy, seems about to be formally ended. The Malaysian deputy prime minister and Indonesian Foreign Minister Malik expect to sign an agreement for ending hostilities in Djakarta this week.



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(MAP, NIGERIA)

NIGERIA

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We view with some concern the upheaval in Nigeria. It has brought about the disintegration of the army. There is also a real possibility of a formal break-up of the country into basic tribal components.

This revolt, and its predecessor last January, reflect the antagonism between the predominant Moslem tribes in the North, and the more Negroid peoples along the coast--some Christians, more animist or pagan. The coastal tribes are better educated, fill the top civil service and army jobs, but the Northern Moslems had the votes, and dominated the Federal government.

In the January revolt, southern military elements killed or deposed a number of northern political and military leaders. Their revolt was taken away from them by southern General Ironsi, who restored order but put in a military government.

Ironsi tried to end the regional antagonisms by working for a unitary state. In the course of bringing this about, he enabled numbers of the coastal Christian Ibo (EE-boe) tribesmen to take over good civil service jobs in the Moslem north.

This time, the northern officers revolted and killed several hundred Ibos, including many officers. Ironsi was probably killed too. The vendetta continues in the north, and the Ibos who were moving in are fleeing for their lives.

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The Ibo officers were key men in the 10,000-man Nigerian Army. Without them, the army for now has virtually ceased to exist as a cohesive, effective organization. Discipline in what remains is very shaky. Even northern officers have only limited control over the men.

The police force of 18,000 has remained aloof and intact. However, it could not cope with any disturbances involving military personnel.

The army chief of staff, Lt. Col. Gowon, reluctantly assumed power on 1 August with the nominal consent of the remnants of Ironsi's regime. Gowon, the top ranking northern officer, was apparently not involved in staging the mutiny.

Gowon has promised to honor all of Nigeria's international commitments. He is personally well-disposed toward the US.

Gowon was initially inclined to go along with northern extremists who favor immediate northern secession. However, he was dissuaded from this by the British and moderate northerners. The relatively backward northern region would suffer serious economic disruption if separated from the more developed South.

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MAHON BRIEFING

THE CONGO

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(MAP)

I want to alert you to the possibility that the situation in the Congo may be returning to our critical list.

The immediate trouble centers on a mutiny by troops from Tshombe's home province of Katanga. When Tshombe was still premier, he moved these units from their home grounds into northeastern Congo.

Now they are homesick, hostile to the regular army command and dissatisfied over low pay and hard work. They are afraid that new regular army units may have orders to disarm them. On July 23, they mutinied, and seized most of Stanleyville, which the Congolese now call Kisangani [KISS-on GHAN-ee].

There is some reason to suspect that the mutiny could be part of a larger plot by Tshombe and Belgian financial interests to put Tshombe back in power.

Some of the Belgian mercenaries in the area appear to be siding with the mutineers. Most of the mercenaries in the northeast are French, and have remained neutral. Other Katangan units in the northeast are leaving their posts, moving toward Stanleyville.

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Premier Mulamba arranged a cease-fire during his two-week stay in Stanleyville, but there is no evidence of any effort to deal with the issues which touched off the mutiny.

Our concern is that the wrangling of the Katangans, the mercenaries, and the regular army units could create an opening for renewed activity by the so-called Simba rebels, who have been broken up and driven back into the bush.

We have no indication of any concerted new rebellion, and we do not believe that nearby countries are eager to resume their support of the Simbas. There are some reports, however, that small gangs have ventured back into the territories left uncovered by the movement of Katangan units toward Stanleyville.

In any event, President Mobutu seems to face his greatest challenge since he took over last November. The mutiny undermines the strong-man image he has been cultivating, and again exposes the undependability of the Congo Army.

His running vendetta with Belgium almost led to a break in relations last week. It has cooled off for the time being, but the deep mutual distrust remains.

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So do administrative incompetence, flagrant corruption, the deep tribal and regional rivalries, and a sick economy, with heavy deficits and steady inflationary pressure.

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MAHON BRIEFING

PANAMA

Another country we have to keep on our warning list is Panama.

There were violent student demonstrations in June in Panama City and Colon, the two major urban centers. These again pointed up the alarming speed with which minor incidents can turn into crises of major proportions.

The disorders were the worst since the anti-US riots in January, 1964. The immediate cause was the death of a Communist student. The intensity has to be attributed to the growing unrest in the cities over rising unemployment, the high cost of living, and inadequate housing.

The only uniformed security force in Panama is the National Guard, which numbers about 4,200 men. It is a disciplined and fairly competent organization, and has been able so far to deal promptly with civil disorders.

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So far, however, the disturbances have pretty much come in one city at a time. If there were prolonged and widespread disorder, the National Guard probably could not restore order without outside help--meaning US troops in the Canal Zone.

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President Robles and his aides have a recent \$3-million loan from the US for several urban development programs which might ease some of the worst pressures in the cities. It is doubtful, however, that enough can be done in time to stem the growing discontent of much of the population.

President Robles has been unable to accomplish the extensive social and economic reforms he promised during his campaign. The oligarchy which dominates the political and economic life of the country is resisting any reforms which would reduce its economic hold.

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Robles heads a shaky coalition government, made up of parties affiliated with this oligarchy. He has had to perform a balancing act to allocate very scarce resources. Robles is also hampered by the maneuvering of several cabinet members and top aides who are presidential aspirants. Some of his supporters have already pulled away, and Robles' political position will probably continue to weaken as he approaches the end of his term in October 1968.

The Communists control sizable student organizations. These are likely to be in the forefront in any outbreak of demonstrations against the government or against the United States. But it is an oversimplification to call this a Communist menace. At just about every point along the political spectrum in Panama, there are self-seekers or subversive elements who have a capacity to exploit the government's difficulties. They are constantly looking for a favorable opportunity to challenge the regime.

Opposition leader Arnulfo Arias continues to be the most acute threat to the Robles government. Charging that the present regime is "illegitimate," Arias has successfully exploited a popular feeling that the

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promised reforms are being blocked by a concerted plot to keep the country's wealth in the hands of a few.

Given widespread discontent, particularly in the urban areas, Arias and his followers could probably trigger serious disorders at any time and wear the government down through mob action. Arias appears to be waiting for popular pressures to create the right psychological environment; he has warned that the announcement of a canal settlement could provide his Panamenista Party with an appropriate opportunity.

Arias has served notice that he will oppose any canal settlement that the Robles government might negotiate. He claims it would be a sell out to the United States.

After almost one and a half years of negotiations, the canal talks appear to be deadlocked. Nevertheless, Robles has stated publicly that a new treaty will be signed some time next year. In private conversations, both the president and Foreign Minister Eleta have warned that the negotiations are in danger of becoming enmeshed in the campaign for the 1968 presidential elections.

Pressure on the government to demonstrate some progress in the canal talks will mount when the National Assembly convenes in October.

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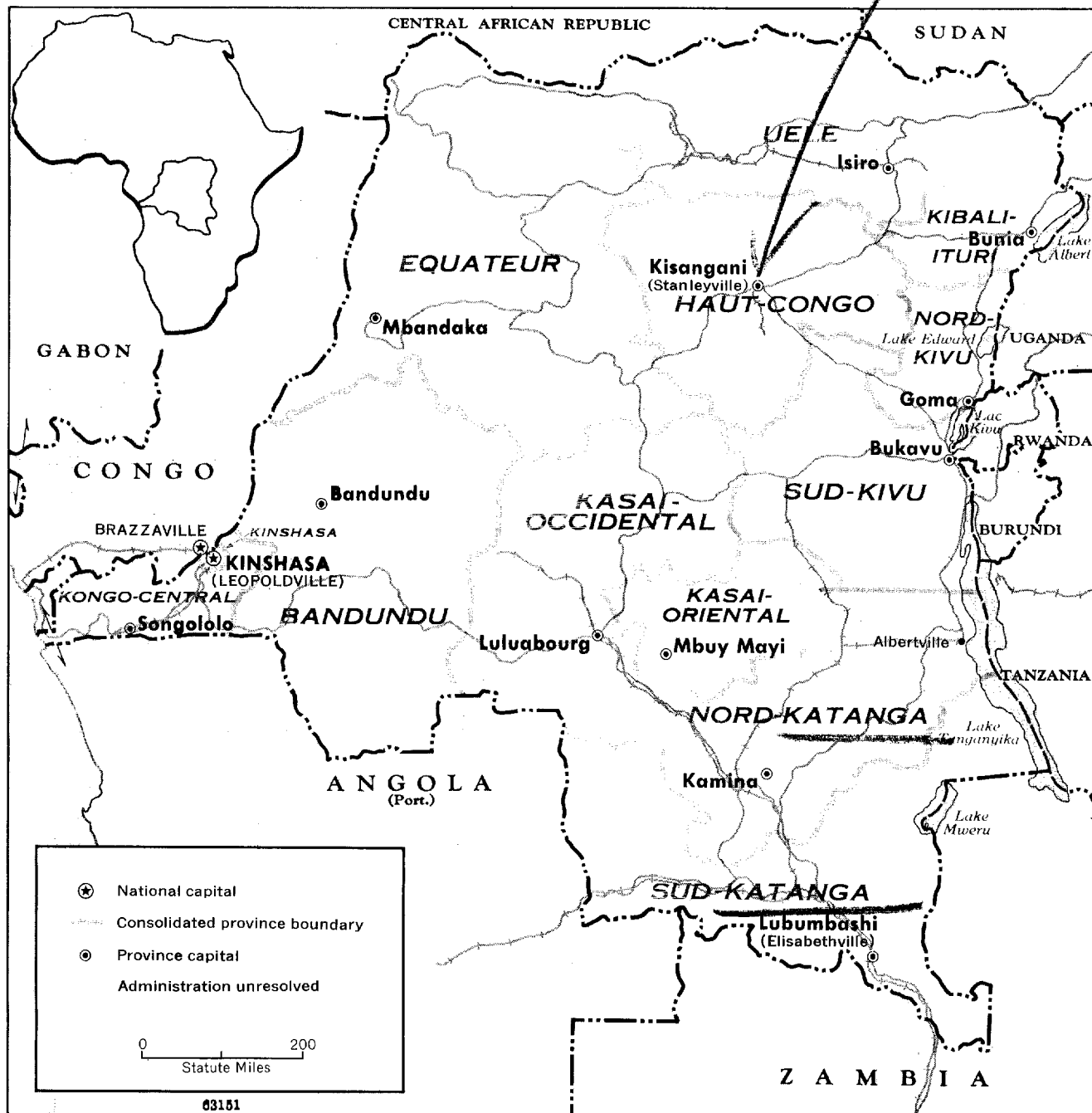
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DEMOCRATIC REPUBLIC OF THE CONGO



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